

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL PACKAGE SERVICE (FCPS)
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-2

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
QUESTION 1 OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 9**
(August 6, 2021)

The United States Postal Service hereby provides its response to the above listed question of Presiding Officer's Information Request No. 9, issued on July 30, 2021. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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August 6, 2021

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1. Please refer to USPS-T-2 at 8, lines 9-10. The Postal Service states that the “optimization of the [Network Distribution Center (NDC)] network could result in an additional \$62 to \$116 million in savings.” Please also refer to the Postal Service’s 10-year strategic plan,¹ which states that “[a]ll [Regional Distribution Center] will be equipped with additional package processing capability to increase capacity, reliability and reach.”
 - a. In response to Presiding Officer’s Information Request No. 1, question 4.c., the Postal Service stated that it acquired “additional space in 46 locations to accommodate package growth. The Postal Service also purchased 138 additional package sorting machines this year and added over 14,000 permanent positions to its workforce.”² Please quantify the costs, separately by category, for the infrastructure items included in this response.
 - b. Please identify any additional costs incurred in optimizing the NDC network.
 - c. Please confirm that costs to optimize the NDC network are included in the estimated cost savings of \$62 million to \$116 million. If confirmed, please separately quantify by category the costs included in the cost savings. If not confirmed, please provide the rationale for not including costs incurred to optimize the NDC network in the cost savings.

RESPONSE:

- a. The Postal Service has approved \$209 million in infrastructure funding for acquiring additional space in up to 46 locations and \$240 million in funding for additional package sorting machines. These costs represent the total approved investment, which may be spread across multiple years.

¹ See United States Postal Service, *Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence*, March 23, 2021, at 29, available at https://about.usps.com/what/strategic-plans/delivering-for-america/assets/USPS_Delivering-For-America.pdf.

² Responses of the United States Postal Service to Questions 1-8.a, 9-11 of Presiding Officer’s Information Request No. 1, July 6, 2021.

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- b. Because the initiative to optimize the NDC network is currently in the early planning stages, additional costs expected to be incurred as a result of this initiative have not yet been quantified.
- c. Not confirmed. The focus of the savings in the instant proceeding is on the potential transportation network savings that may result from the proposed service standard changes. The \$62 to \$116 million savings in the NDC network reflect the potential annual savings in the Intra- and Inter-NDC transportation network once the optimization is complete.